

The Banking System and Financial Services



Business of Banking

- ◆ Deposits from Businesses, Individuals, and the Government
- ◆ Loans to Businesses, Individuals, and the Government
- ◆ Interest paid is less than cost of interest on loans
- ◆ Fees associated with the products/services



Banks are supported and regulated by the federal and state governments.

Why use a Bank?

Why not a Piggy Bank?

Types of Institutions

Deposit Institutions

Accept Deposits for people and businesses to use in the future

Ex.) **Commercial Banks**, **Credit Unions**

Non-Deposit Institutions

Serves as an intermediary between savers and borrowers, but does not accept deposits.

Banks vs Credit Unions

What's the Difference

Financial Products

Accepting Deposits - Checking and Savings

Earning Interest

Online and Mobile Banking

Electronic Fund Transfers (EFT),
Deposits, Bill Pay, Statements, Support,
etc..

- **Credit/Loan Services**
- **Storing Valuables** (Safety Deposit Box)
- **Financial Advice and Investment Services**
- **Managing Trusts**

Trusts manage people's assets

Is My Money Safe?

FDIC - Federal Deposit Insurance Corporation

- About the FDIC

NCUA - National Credit Union Administration

Selecting a Financial Institution

Services Offered

Savings accounts

Checking and payment accounts

Loans and other Credit Services

Other services, such as safety deposit boxes
transfers, investment services, and more.

Safety – FDIC (NCUA) insures up to \$250,000.

99% are members

Convenience – Hours, locations, online services

Fees and Charges

Restrictions

Types of Non-Deposit Institutions

Life Insurance Companies

Investment Companies

Consumer Finance Companies

Check-Cashing Outlets

Pawnshops

The Federal Reserve

The Federal Reserve System (FED)

- **Supervises and regulates member banks**
- **Bank for the banks, not an individual account**

Activities of the Federal Reserve

Payments

Supervision/Regulation

Control the nation's Monetary Policy